



Maria Alarcon
Staff Attorney

April 19, 2021

Re: Updates to ICC Treasury Operations Policies and Procedures Pursuant to Section 5c(c)(1) of the Commodity Exchange Act and Commission Regulation 40.6(a)

VIA ELECTRONIC PORTAL

Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

Dear Mr. Kirkpatrick:

ICE Clear Credit LLC (“ICC”) hereby submits, pursuant to Section 5c(c)(1) of the Commodity Exchange Act (the “Act”) and Commodity Futures Trading Commission (“Commission”) Regulation 40.6(a), a self-certification of changes to the ICC Treasury Operations Policies and Procedures (“Treasury Policy”). ICC is registered with the Commission as a derivatives clearing organization (“DCO”). ICC intends to implement the changes no sooner than the tenth business day following the filing of this submission with the Commission at its Washington, D.C. headquarters and with its Chicago regional office.

ICC proposes revising the Treasury Policy. The proposed amendments consist of clarifications and updates with respect to governance arrangements and collateral asset haircuts and include other minor clean-up changes. This submission includes a description of the changes to the ICC Treasury Policy. Certification of the changes pursuant to Section 5c(c)(1) of the Act and Commission Regulation 40.6(a) is also provided below.

ICC proposes to amend the “Revision History” section of the Treasury Policy. The proposed changes correct a statement indicating that the document’s revision history is limited to the last three years. The proposed changes memorialize the review and approval process of the document, which consists of review by the Risk Committee and review and approval by the Board at least annually. Additionally, ICC would update the revision history table to include the most recent changes to the document.

ICC proposes updates and clarification changes to the “Collateral Assets Risk Management Framework” appendix (“Appendix 6”). Under the Treasury Policy, ICC accounts for the risk associated with fluctuations in the value of collateral assets by applying haircuts. Haircuts are calculated by the ICC Risk Department (the “Risk Department”) on an on-going basis and described in more detail in Appendix 6. ICC proposes changes in Appendix 6 that update the measure of daily changes for collateral assets such as sovereign debt. The proposed changes would amend and remove certain language that differentiates between yield rates greater than and less than or equal to one basis point in respect of sovereign debt collateral haircuts. Such amendments do not represent a change to the methodology and would provide a more generalized and consistent collateral risk management framework for sovereign debt. ICC proposes additional clarifications, including with respect to time series used for sovereign debt collateral haircuts and a formula regarding a risk factor specific haircut. ICC also proposes a grammatical update to change a reference to “haircuts” from plural to singular.

ICC further proposes additional detail on the process of reviewing and updating collateral asset haircuts. Appendix 6 currently states that such haircuts are reviewed monthly. ICC proposes to clarify that haircuts are established by the Risk Department within their respective intervals and are reviewed at least monthly



to determine the need for updates. ICC also proposes to specify any discretion provided to the Risk Department during periods of extreme market stress with respect to updating collateral asset haircuts.

Core Principle Review:

ICC reviewed the DCO core principles (“Core Principles”) as set forth in the Act. During this review, ICC identified the following Core Principles as being impacted:

Financial Resources: The revisions to the Treasury Policy are consistent with the financial resources requirements of Core Principle B and the financial resource requirements set forth in Commission Regulation 39.33. ICC accounts for the risk associated with fluctuations in the value of collateral assets by applying haircuts under the Treasury Policy. The proposed changes update the measure of daily changes for collateral assets such as sovereign debt, which would provide a more generalized and consistent collateral risk management framework for sovereign debt, and make other clarifications to ensure that the Treasury Policy remains effective and clear, thereby ensuring that ICC continues to maintain sufficient financial resources to withstand, at a minimum, the default of the two Clearing Participant (“CP”) Affiliate Groups to which it has the largest exposure in extreme but plausible market conditions, consistent with the requirements of Commission Regulation 39.33.

Risk Management: The revisions to the Treasury Policy are consistent with the risk management requirements of Core Principle D. The proposed amendments provide additional detail on the process of reviewing and updating collateral asset haircuts, including clarifying that haircuts are established by the Risk Department within their respective intervals and are reviewed at least monthly to determine the need for updates. ICC believes that such updates to the Treasury Policy continue to ensure that ICC possesses the ability to manage the risks associated with discharging its responsibilities.

Treatment of Funds: The revisions to the Treasury Policy are consistent with the treatment of funds requirements of Core Principle F. The Treasury Policy continues to limit the assets ICC accepts as collateral to those with low credit, liquidity, and market risks. The proposed changes ensure that the documentation of ICC’s Treasury Policy remains up-to-date, transparent, and focused on clearly articulating the policies and procedures used to support ICC’s treasury functions and thus serve to promote and ensure the safety of CP funds and assets.

Amended Rules:

The proposed changes consist of changes to the ICC Treasury Policy. ICC has respectfully requested confidential treatment for the ICC Treasury Policy, which was submitted concurrently with this self-certification submission.

Certifications:

ICC hereby certifies that the changes comply with the Act and the regulations thereunder. There were no substantive opposing views to the changes.

ICC further certifies that, concurrent with this filing, a copy of the submission was posted on ICC’s website, and may be accessed at: <https://www.theice.com/clear-credit/regulation>.



ICC would be pleased to respond to any questions the Commission or the staff may have regarding this submission. Please direct any questions or requests for information to the attention of the undersigned at (312) 836-6854.

Sincerely,

A handwritten signature in black ink that reads "Maria Alarcon". The signature is written in a cursive, flowing style.

Maria Alarcon
Staff Attorney